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ECONOMIC AND INDUSTRIAL AFFAIRS

No. 1943

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DEPUTY MINISTER DWELLS ON ACHIEVEMENTS, DEVELOPMENTS IN METALLURGY

Sofia RUDNICHAR in Bulgarian 6 Sep 79 pp 1-2

[Article by Engineer Khristo Bonin, deputy minister of metallurgy and mineral resources: "The Steel Base of the Homeland"]

[Text] Thirty-five years have passed since the victory of the socialist revolution in Bulgaria. During these constructive years our renovated homeland achieved tremendous successes in all fields of the national economy. This was a period of ascending development and steady upsurge of ferrous metallurgy in our country. This is confirmed by the great successes, achievements, and gains of the miners, metallurgy workers, machine builders, and producers of fire-proof construction materials working in this sector. The striving of the collectives in this dynamic sector, particularly important to the national economy, developed even further following the National Party Conference which formulated the requirement that improving the organization of labor and planning become the focal point of economic activities.

On the eve of the national holiday--the 35th anniversary of the birth of socialist Bulgaria--Stoyan Zarev, RUDNICHAR editor, met with engineer Khristo Bonin, deputy minister of metallurgy and mineral resources and asked him to describe for the readers of this newspaper the most characteristic aspects of the development of ferrous metallurgy in our country under the people's system, as well as to speak of the main tasks and problems resolved by the sector's collectives in the final years of the Seventh Five-Year Plan.

Comrade Bonin was kind enough to answer exhaustively these questions. Following is his statement.

Under the guidance of Georgi Dimitrov, the leader and teacher of our people, as early as 1948 the Bulgarian Communist Party called for rapidly surmounting the country's general economic backwardness. The historical Fifth Congress of the BCP stipulated that the industrialization of the national economy, based on the accelerated development of heavy industry, including the creation of a domestic metallurgy industry, would be the basic task.

The solution of this important problem became possible only with the fraternal and selfless aid of the Soviet Union. The Lenin Metallurgical

Plant, the first of its kind in our country, built in Pernik, was created on the basis of a Soviet design and with Soviet equipment. The day the two Martin furnaces and the rolled metal shop were commissioned--5 November 1953--became the birthday of the Bulgarian ferrous metallurgy.

Naturally, the full development of our ferrous metallurgy was inconceivable without ensuring our country with its own raw material base. That is why, in order to meet our needs for iron and manganese ores, extensive geological surveys were conducted at the Krumovo, Martinovo, and Kremikovtsi deposits. Between 1951 and 1957 the Krumovo deposits were studied and developed at a faster pace in order to provide high-grade iron ore for the needs of the Lenin Metallurgical Combine, the pioneer of our ferrous metallurgy.

The development of capacities for iron ore extraction continued following the commissioning of Khristo Mikhaylov MOK [Mining-Concentration Combine] in 1961. Metallurgy was ensured with high-quality iron concentrates through the introduction of modern extraction systems and expanded ore concentration facilities.

The open pit mine and the concentration factory at the Kremikovtsi SMK [Economic Metallurgical Combine], with a five million ton iron ore annual capacity, built and operating since 1973-1974, became the leading enterprises for the extracting and processing of iron ores in the country.

The one of a kind mineral structure of the ore required the use of complex concentration systems with a view to the maximum extraction of useful components. Contemporary scientific and practical achievements open new opportunities for the comprehensive utilization of the ore. Extensive research is being conducted for this purpose, in accordance with an approved coordination program. By the end of 1980 we shall be able to answer the question of what are the most promising directions to be followed in resolving the problem of the comprehensive utilization of the Kremikovtsi iron ore.

Following the line of the Fifth BCP Congress, the April 1956 BCP Central Committee Plenum, held under Comrade Todor Zhivkov's guidance, provided a powerful impetus to the further development of production forces in our country. Ferrous metallurgy was faced with responsible assignments: within a short time to increase the production of ferrous metals severalfold, thus meeting more fully the rapidly growing needs of the developing national economy in terms of quantity and variety.

Implementing the decisions of the April BCP Central Committee Plenum, the designing of the Kremikovtsi Metallurgical Combine was undertaken in 1959. Its construction was initiated in 1960. Starting with 1963, capacities ranging from ore extraction to the production of finished rolled ferrous metals, steel pipes, and other metallurgical goods, began to be systematical'y commissioned.

Today our country has a technically modern metallurgical base. Productive capital worth 1.9 billion leva has been commissioned. Currently the Lenin Economic Metallurgical Combine is producing 670,000 tons and the Kremikovtsi Economic Metallurgical Combine, 2.4 million tons of rolled ferrous metals per year.

The high pace of the development of our ferrous metallurgy ensured an increase in the production of cast iron from 193,000 tons in 1960 to 1.5 million tons in 1978; of steel, from 253,000 tons to 2.5 million tons; of rolled metal, from 193,000 tons to 3.05 million. The overall production of rolled metal is reaching the level of the steadily growing consumption of this item in the country. Ferrous metallurgy is already producing more than 1,300 different shapes and sizes of rolled ferrous metals and 295 different shapes and sizes of steel pipes from 110 different brands of steel. The structure of rolled ferrous metals and goods made of them is improving steadily. In 1978 the share of metal sheets accounted for over 50 percent of the total output; 34.5 percent of it was cold rolled. Production of highly effective items with more extensive processing, such as seamless and welded pipes, zinc and tin-plated steel, cold rolled sheets with plastic lining, bent shapes, etc., has been mastered and is growing.

Last year the Steel Pipes Plant in Septemvri successfully mastered the production of spiral seam pipes with a diameter of up to 1,200 mm. The production of pipes for main gas pipelines made of 10G2SAF steel has been mastered.

The Kremikovtsi SMK has commissioned a department for the processing of hot rolled thick sheets. Facilities are being created for increasing the production of heat-processed metal sheets consisting of quality carbon, low-alloy, and high-alloy steels, including stainless steels.

However, we will not consider that everything has been achieved and that the time for total relaxation has arrived. The dynamic development of the national economy calls for a fast increase in the production of ferrous metals and goods made of them. This calls for the need for the building of a third metallurgical combine in our country, and, as we know, preparations for its construction near Burgas have already begun.

Following the adoption of the plan for the development of the national economy in 1979 and 1980, the ferrous metallurgy branch faced important tasks of upgrading the volume of output of cast iron, steel, and rolled metal, improved production effectiveness, expanding the variety and improving the quality of output. In the last two years of this five-year plan the volume of industrial output in ferrous metallurgy will be as high as the output from the beginning of 1961 to the end of 1970. In 1980 cast iron production is planned to reach 1,750,000 tons; steel production will reach 2,860,000 tons; rolled ferrous metals, 3.4 million tons; and steel pipes, 248,000 tons. In order to implement the decisions of the National

Party Conference we must improve the use of existing metallurgical capacities and raise in 1979 public labor productivity 12.2 percent compared with 1978, and 8.3 percent in 1980 compared with 1979. Material expenditures per 100 leva commodity output must be reduced by 1.54 leva in 1979 compared with 1978, and by 2.29 leva in 1980 compared with the planned 1979 figure.

In 1979 and 1980 the reconstruction of No 1 through No 4 sinter belts and a part of the air blowers of the blast furnaces at the Kremikovtsi SMK will be completed. Averaging capacities will be developed for iron-containing raw materials. A number of other measures will be implemented guaranteeing that the planned indicators of extracting capacities at the combine will be reached.

At the beginning of 1980 the reconstruction of the "1,150" blooming-slabbing mill will be completed. The work cell and main electric motors will be replaced by more powerful ones. The roller tracks will be replaced and other more advanced equipment will be installed with a view to upgrading the mill's productivity to 3.4 million tons of steel in ingots (with an exceptionally broad variety of rolled blooms and slabs in terms of dimensions and brands of steel), and with as much as 20 percent cold ingots.

By the end of 1980 we must also complete preparations for the reconstruction of the semi-continuous sheet 1,700 hot rolling mill. The technical measures are aimed both at improving the quality of the goods in terms of dimensions, thickness, and equality of mechanical characteristics, as well as upgrading the mill's productivity to about 2.3 million tons per year. In addition to ensuring the necessary amount of hot rolled coils of improved quality for the production of cold rolled steel sheets and steel welded pipes, mill 1,700 will increase its output of rolled steel sheets, consisting of high-quality carbons, low-alloy, and high-alloy brands. Its share of the total output will reach 13.8 percent in 1980 and 32.1 percent in 1985.

In 1980 2,000 tons of stainless hot rolled steel sheets will be produced. The mastering of this type of output was undertaken last year with the participation of creative collectives consisting of engineering and technical workers of the two metallurgical combines and scientific personnel from the Institute of Ferrous Metallurgy, and with the help of Soviet specialists.

In order to create conditions for increasing the production of cold rolled steel sheets, including sheets lined with zinc, tin, and plastics, and reach the planned indices of the machine units in the Cold Rolling facility at the Kremikovtsi SMK, this year we undertook and, in 1981, will complete the building of a new pickling line with an annual capacity of about one million tons of steel sheets. The line will use hydrochloric acid. This ensures the high quality of the pickling strips, high productivity, and possibility for the full regeneration of the used solutions. Next year the existing pickling line will be reconstructed and converted to the use of hydrochloric acid.

A new electrosteel production shop with a capacity for one million tons of steel per year is being built at the Lenin SMK. The shop includes four 100 ton electric arc furnaces and three continuous casting machines for the production of semifinished products (slabs, blooms, and ingots). The first electric furnaces will be commissioned in 1980.

The first stage of the plant for steel cables and wires is being commissioned in Roman. Its planned capacity is for 100,000 tons of wire and 47,000 tons of cable.

The unquestionable achievements of the Bulgarian ferrous metallurgy are the result, above all, of the continual great concern of the BCP Central Committee and, personally, of its first secretary, Comrade Todor Zhivkov, for the development of our economy and the building of a developed socialist society in our country. Such successes, however, would have been inconceivable without the fraternal and selfless aid of the Soviet metallurgists, and without the utilization of the achievements of Soviet metallurgy. This continuing upsurge of our ferrous metallurgy is also the result of the valorous efforts of the large working army of Bulgarian miners and concentration workers, metallurgists, machine builders, and scientific workers and specialists in ferrous metallurgy, who are devoting all their efforts, ability, and zeal to master and apply new developments in technical progress and new and progressive methods and technologies in production, in the successful study and dissemination of leading experience and initiatives, and in enriching the socialist competition with a new content and new methods consistent with the new requirements governing effectiveness in all work. That is why I would like to express to all of them my warm gratitude and sincere thanks for their great contribution to the successful and dynamic development of our socialist economy and wish them to multiply the successes of our ferrous metallurgy with even greater dedication, strive, and daring, to steadily assert the prestige of the profession of the Bulgarian miners and metallurgical workers, and to remain in the leading ranks of the proud Bulgarian working class!

5003

CSO: 2200

DISORGANIZATION, POOR CONTROLS FACILITATE ECONOMIC CRIMES

Sofia ANTENI in Bulgarian 15 Aug 79 p 5

[Article by Baycho Panev, prosecutor, Chief Prosecutor's Office, and Valeri Naydenov: "Are There 'Private Collectors' of Secondary Raw Materials?"]

[Text] Do we have a thrifty approach to secondary raw materials? The question may be considered from several aspects. In this article we shall approach the topic from a somewhat unexpected angle as found in the files of the Chamber of Justice. The Council for Criminological Research of the Chief Procurator's Office made a study of crimes related to the purchasing and delivery of secondary raw materials. The study revealed that in recent years thousands of thefts, embezzlements, and forgeries related to such activities were discovered. In the capital alone damages totaling 6,750,000 leva were the result of the activities of a tremendous number of officials and private citizens.

Naturally, an enterprise which creates technological waste must manage it. Investing ministries and even designers must consider problems of waste starting with the drawing board. Materials remaining from one type of production could prove to be a wonderful raw material for another. However, everyone knows that the moment it is a question of waste we must turn to the Secondary Raw Materials DSO [State Economic Trust], the department in charge of collecting, sorting, and delivering such materials for processing.

The council's study indicated that far more crimes are committed in Secondary Raw Materials compared with the other economic areas. The reasons are sought in the psychological climate, the incredibly neglected accountability, or the enterprises themselves producing waste. In other words, there seems to be disorder wherever valuable waste is handled.

Here is a comparison. When we buy something in a food store the sales clerk weighs the item in front of us and cheating would be difficult. However, what would happen were we to turn our backs to the scales as he measures? We apologize to the sales clerks for saying this, but we would hardly get

more cheese for the same amount of money, and we would have only ourselves to blame.

Something similar takes place in the gathering of secondary raw materials. Most industrial enterprises are generally unfamiliar with the technological waste they have at their disposal until the arrival of the Secondary Raw Materials representative. The measurement always happens to take place in the back yard, behind the enterprise's back. For example, employee G. U. collects huge amounts of metal waste. However, instead of weighing the trucks, he gives five leva per truck to the dispatcher and establishes the amount himself. Dealing with trains, he would pay the manuvering workers for certain "services." If the brakes on the last car are on and the locomotive engine pulls the train slightly, a lighter weight shows on the scales. If the locomotive engine exerts pressure in the direction of the weighed freight car, the weight rises. The first method is used in weighing empty cars and the second when the waste is delivered to the Metallurgical Combine. The result is a minor miracle--between the first and the second shops of the enterprise the weight of the waste rises considerably.

However, this is inevitable when two people are interested in the matter while the weighing is done by one only. That is how tremendous surpluses are created in the stores and bases of Secondary Raw Materials. An investigation of the warehouse in Kolarovski Rayon alone showed surpluses worth 150,244 leva. All that is left is for such waste to be converted into cash and the cash to be stored in a safe place. This is not difficult, bearing in mind that the basis of the Secondary Raw Materials DSO purchase both industrial and household waste products. Accounts for the former are settled in accordance with the cashless payments system; the second are paid for in cash. What would prevent us from selling the surplus once again to the base via a friend or an acquaintance? This is a simple and very lucrative operation.

It turned out, for example, that a citizen received 19,993 leva for "copper oxides scavenged from the garbage" and brought with trucks. Many such cases could be cited. If it is profitable, and if the man is trusted, the enterprise accepts everything, regardless of existing bans and restrictions. This gives birth to a new profession: "private collector." One rents a truck, goes to a plant, passes himself off as a Secondary Raw Materials official in a plant, and loads up industrial waste. The waste is taken to the base where everything is sold under one's legitimate name.

The study indicated that the crimes of 93 percent of those sentenced were facilitated by the lack of internal control. It is as though accountability norms which are mandatory in all economic activities do not exist here. There is no preliminary accounting and tremendous amounts of forged documents are created. At the bases, full time and part time personnel arbitrarily issue weight notes from nonaccountable books. Inventory taking is formal, audits are ineffective, and most crimes are discovered as the result

of denunciations. Accountability of the traffic to and from the bases is in pitiful condition. Thus, for example, the collector V. V. was able to weigh three trucks eight times each in different bases. Instead of obtaining three weighing notes he obtained 24. Instead of collecting 800 leva he collected 19,872. Obviously, here both "strikes" and "shock workers," inconceivable in other economic enterprises, are possible.

According to the study the average size of the damages caused by a single crime involving secondary raw materials is higher by a factor of about 45 percent compared with other crimes against socialist property committed in the country! In recent years an interesting phenomenon has been noticed: Lured by greater possibilities for profits people with a higher educational level have entered the field, and even use "connections" in their efforts to replace the old cadres. Once assuming their positions, they work in a far more concealed fashion, with greater accuracy and, naturally, on a broader scale.

The work of the Secondary Raw Materials personnel, naturally, should not be underestimated. It is very important to the national economy and its importance grows with every passing year. Let us not even mention the fact that the Secondary Raw Materials branches are fulfilling and overfulfilling their plans. It would be difficult to imagine our industry without them.

Actually, why look for grounds for a crime in Secondary Raw Materials only? The trouble is our overall attitude toward industrial waste. This attitude is extremely old-fashioned and incompatible with the contemporary concepts of industrial organization. In hundreds of plants the collection and utilization of secondary raw materials remains an extraneous and undesirable activity on the margin of production assignments. It has not been fully included within the system of responsibilities and incentives.

The GDR has established full accountability for waste at each work place and for every worker, chief of warehouse, or manager. The finished product is delivered against signature when the shift changes, together with bits, shavings, and other waste governed by norms. Wherever assembly lines are used, the delivery is mechanized. Anything suitable for reuse as a raw material within the same enterprise is removed while the remaining waste is sent to the collection and utilization centers of other enterprises. The reverse is practiced in Bulgaria: The work of the plant is taken over by Secondary Raw Materials, and there is nothing strange in the fact that that enterprise frequently engages in parasitical entrepreneurial activities. Let us be realistic: If a plant has not learned how to protect its interests, why should we expect a department acting as a middleman to care? If we turn our backs to the weighing scales should we not blame ourselves for being cheated?

5003
CS01 2200

REPORT ON ECONOMIC DEVELOPMENT FOR FIRST HALF OF 1979

Sofia STATISTICHESKI IZVESTIYA in Bulgarian No 2, Aug 79 [no page given]

[Text] General Remarks

The present publication comes out once every quarter. It contains annual, quarterly, and monthly statistical data on basic indicators characterizing the socioeconomic development of the Bulgarian People's Republic.

The statistical information program consists of 12 sections:

- I. Basic data on the development of the national economy.
- II. Population.
- III. Population living standard.
- IV. Labor
- V. Capital Investments.
- VI. Industry.
- VII. Agriculture
- VIII. Transportation
- IX. Communications.
- X. Internal trade and prices.
- XI. Tourism.
- XII. Foreign trade.

Data for all sectors are broken down by organizational structure and structure of enterprises for the corresponding period.

Value indicators are published in prices for the corresponding year. Annual indicators of industrial and agricultural output, capital investments, trade, foreign trade prices, and monthly industrial production indicators are computed on the basis of comparable prices. Annual indicators are computed on the basis of 1970 prices while those of a period of less than one year, on the basis of the corresponding period of the preceding year.

Data on household monetary income, expenditures and consumption are based on the representative observation of household budgets.

Data for the current year are estimates and are subject to refining in subsequent issues.

Interpretation of the Abbreviations and Symbols

0 - Less than one-half of the respectively used unit.

- - No case

. - No data

PAK - Industrial-agrarian complex

APK - Agroindustrial complex

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Development of the National Economy in the First Half of 1979

The labor collectives extensively developed widespread socialist competition for the fulfillment and overfulfillment of the plan and the tasks set by the National Party Conference. As the result of this, in the first six months

of the anniversary year, all areas of the national economy reached new and even higher development rates.

New successes were achieved in upgrading production effectiveness and quality of output.

Industry

The enterprises in industrial sectors produced 48.7 percent of the output planned for the year, thus overfulfilling their semiannual plan.

Compared with the same period of 1978, the volume of overall output by state and cooperative enterprises rose 6.7 percent. The growth rate was 0.8 percent higher than in the comparable period of 1978 compared with 1977.

The sector producing electric and thermal power, whose output increased 9.5 percent, is characterized by its ascending development.

The overall fuel industry output rose 9.3 percent.

The production of some basic types of industrial commodities rose.

Electric power production rose 5.6 percent; coal production rose 10.8 percent.

The ferrous metallurgy enterprises produced 782,100 tons of cast iron and ferroalloys, of which 758,000 tons for steel production, 1,276,000 of steel, etc. The overall volume of output in the sector rose 5.9 percent.

In the first half of the year the machine building and metal processing industry produced 5.3 percent more forklift trucks, 1.5 percent more electric hoists, 22.7 percent more television sets, and 0.3 percent more household refrigerators.

The enterprises in the chemical and rubber industry sectors increased their output 7.8 percent compared with the first half of 1978. The production of some basic chemicals rose considerably, as follows: Phosphorous fertilizers, 7.7 percent; calcinated soda, 8.1 percent, and sulfuric acid, 1.9 percent.

The state enterprises for the production of construction materials increased their cement output 13.8 percent.

The cellulose-paper industry continues to develop at a higher pace, as the result of which its industrial output rose 4.9 percent. The production of cellulose rose 9.4 percent; of paper 9.2 percent; and of cardboard, 8.0 percent.

The textile industry produced 2.4 percent more woolen fabrics, 176,400,000 meters of cotton fabrics, and 15.4 million meters of silk fabrics, increasing its volume of output by a total of 6.5 percent. The result achieved is 0.6 percent above the January-December 1978 period.

Food industry output rose 8.6 percent for the sector. In the January-June period meat production rose 5.6 percent; canned vegetables, 35.5 percent; canned fruit, 9.4 percent; cheese, 18.7 percent.

Nearly all okrugs achieved an increase in industrial output. Mikhaylovgrad, Yambol, Tolbukhin, Khaskovo, Razgrad, and Pazardzhik okrugs achieved the highest rates of growth of industrial output.

Compared with the first half of 1978, labor productivity per member of the industrial-production personnel in state industrial enterprises, computed on the basis of the overall industrial output, rose 5.3 percent; the highest rate was achieved in the fuel, textile, and food industries.

In the state and cooperative industrial enterprises the number of industrial-production workers and employees rose 1.2 percent; in the state enterprises alone it rose 0.2 percent.

Compared with the January-June 1978 period the average wage of workers and employees rose 4.6 percent.

Agriculture

The good organization established by the national agroindustrial union for the timely and qualitative implementation of assignments led to positive results and successes in agriculture.

In the first half of the year the number of heads of cattle in the public agricultural organizations rose 2.1 percent, including cows, 2.0 percent; hogs, 5.7 percent; and sheep, 1.8 percent. The increase affecting cattle, cows, and sheep was achieved primarily by the agroindustrial complexes.

Livestock productivity rose. Average milk production per fodder-fed cow rose 10.6 percent compared with the average amount milked in the first six months of 1978. Average egg production per hen rose 2.0 percent. The increased production of animal husbandry goods was the direct result of the increased number and higher productivity of the livestock. Milk production rose 11.8 percent, including 13.4 percent cow milk; egg production rose 7.1 percent.

In the first six months of the year the meat purchased from all farm categories rose 26.7 percent. This includes small animals, 37.1 percent; cattle, 29.3 percent; pork, 22.5 percent; milk, 8.8 percent; and eggs, 14.5 percent.

Capital Investments

The volume of capital investments used reached 2,047,700,000 leva. In the second quarter alone 64.2 percent of that amount was used or 79.1 percent above the first quarter of the year.

Most of the appropriations were invested in material production sectors-- 80.3 percent; 524.6 million leva were invested in expanding the material and technical base of industry alone.

A total of 817.5 million leva or 39.9 percent of the overall volume of capital investments were invested in modernization and reconstruction.

Productive capital totaling 934.7 million leva was commissioned; machines and equipment accounted for 43.8 percent of the total.

Transportation

In the first half of the year the public use transportation system increased its freight haulage 0.8 percent.

Labor productivity rose in all transport facilities: civil aviation, 23.2 percent; maritime transportation, 11.2 percent; riverine transportation, 10.0 percent; motor vehicle transportation, 1.0 percent; railroad transportation, 0.3 percent.

Communications

Income from communications services rose 10.7 percent and labor productivity rose 13.1 percent.

Trade

The volume of retail trade rose 2.8 percent. The increase was 2.4 percent in the trade network and 4.2 percent in public catering. The cities accounted for 78.8 percent of the trade. Retail trade sales rose for a large number of commodities: rice, 2.3 percent; meat, 2.8 percent; meat products, 5.6 percent; milk, 4.6 percent; butter, 12.0 percent; cheeses, 5.2 percent; fresh fruits, 4.5 percent.

More silk fabrics, clothing, upper knitted goods, electric washing machines, and others were sold.

Our foreign trade relations are developing favorably, as the result of which foreign trade totaled 7.0 billion foreign exchange leva or 15.9 percent above the corresponding period in 1978.

Exports of machines and equipment for industrial purposes rose 11.7 percent; of fuels, mineral raw materials, and metals, 53.8 percent. Machines and equipment accounted for 47.6 percent of overall exports.

Exports rose by 12.7 percent for electric motors, 6.1 percent for forklift trucks, 10.5 percent for electric hoists, etc.

Most of the foreign trade was with the USSR and the remaining CEMA-member countries.

Tourism

In the first six months of the year Bulgaria was visited by 1,310,100 tourists, 65.8 percent of whom with entrance visas.

The number of Bulgarian citizens who traveled abroad reached 285,100; 71.2 percent of them traveled for private reasons.

The positive results achieved by the national economy in the first half of the year delineates a favorable trend for the implementation of the annual assignments for upgrading production effectiveness and quality of output.

5003

CSO: 2200

GERMAN DEMOCRATIC REPUBLIC

STEPS OUTLINED TO ENHANCE CHEMICAL EQUIPMENT COMBINE PERFORMANCE

East Berlin EINHEIT in German Vol 34 No 8, Aug 79 signed to press 10 Jul 79
pp 833-838

[Article by Dr Robert Kunze, engineer, research director, Scientific-Technical Center, VEB Combine for Chemical Equipment Construction, Leipzig-Grimma: "Significant Scientific-Technical Results To Strengthen Our Economic Capability--Experiences From the Combine for Chemical Equipment Construction, Leipzig-Grimma (CLG)"]

[Text] Significantly enhancing the performance of chemical equipment construction through rationalization and capacity expansion--as was pointed out at the Ninth SED Congress--requires raising labor productivity in project planning by circa 4 percent annually in the 1976-1980 period and in instrument construction, by 6 percent. The technical-economic level in the assembly field "has to be raised" by enlarging the proportions of prefabrication and preassembly. For lowering costs, material saving designs have to be enforced in production development as well as time and energy saving manufacturing processes."¹

To reach such goals means for the Leipzig-Grimma combine for chemical equipment construction, established this year, and for its 32,000 working people, who are working in 11 instrument or equipment construction enterprises, to supply our economy and our export with installations and equipment meeting highest world standards. The main thing is to develop, plan and supply installation and equipment for the modernization of the chemical industry in our country and for important industrial petrochemical complexes within the framework of the GDR's investment participation in the USSR. The working people in the combine are purposefully concentrating their efforts on generally accelerating scientific-technical progress there. So they are continuing their purposeful activity of the past on a new level. Already their efforts have borne fruit: They led to a high performance improvement expressed by a larger output and better qualities in instrument and installation construction and high export quotas in recent years. Especially the competition conducted in honor of the 30th anniversary of the founding of the GDR has demonstrated that the chemical equipment construction workers, aware of their great social responsibility, seek to continue their successful course in struggling for higher-grade products day after day and insuring a great performance improvement all-around or, in other words, reaching or exceeding the daily plan targets.

In their daily plan fulfillment, in the preparation of the 1980 plan, and in their long-term work, the Grimma chemical equipment construction workers proceed from the consideration that insuring scientific-technical progress is a job for the whole combine and all its collectives. Only if all the working people realize what their obligations are that derive from it and act accordingly and if, in particular, the managers prove up to their mission, will it be possible to coordinate the two functions that mark the combine's reproduction processes, instrument and equipment construction, in such a way that, pursuant to the party decisions, the chemical equipment construction combine becomes the engineering center for a rapid development of the GDR's chemical industry. The combines' collectives have done outstanding work in the past and achieved scientific-technical top performances. Nonetheless, today their level and speed are no longer adequate to meeting the growing needs in chemical equipment and installations resulting from the modernization of our own chemical industry and our investment participation in the USSR. It is thus all the more urgent to prepare major emphasis tasks for chemical equipment construction along the party line for the development of the chemical industry up to 1990, as decided on last year by the Politburo.

A wide horizon and long-range vision are the chief criteria for approaching these tasks. It must become standard procedure for the entire combine collective to think ahead 5 to 10 years in order better to solve the tasks in the instrument and equipment processes. Thinking ahead like that is prerequisite to properly orient and concentrate the forces, by which all potentials can then be used as rationally as possible. That is the basis for the correct and responsible decision that has to be made, with due consideration to various economic and political factors, on how best to assure the development goal with the highest social benefit. We have to struggle for a still greater economic efficiency with greatest purpose and, through resolute rationalization throughout the entire combine, make our contribution to the performance development of chemical equipment construction. Through using modern technologies and organizational improvements--from the R&D phase to the process of rationalized production--we greatly help improve productivity in instrument and equipment construction and also help improve the quality of our products so that we can manufacture chemical products with higher use values in our chemical installations, which can then also be sold with greater benefit on the world market.

To reach these goals, we are orienting our collectives, for implementing scientific-technical progress in the combine, to the following major aspects: Joint methods development with partners of the chemical industry in the GDR and the USSR, to be able to put rapidly into production scientific-technical top achievements; development, planning and construction of petrochemical installations together with Soviet partners and close cooperation with other installations in the participating CEMA countries; development, design and own construction of means of rationalization--as carried on successfully in the combine for over 15 years--aiming at significantly accelerating the growth of productivity in equipment construction; improvement of the production organization all the way to introducing rational planning, control and accounting methods with the help of efficient ADP installations; modernization of the installations for specialized instrument and equipment production

and their full capacity use; and the development of efficient cadre through the long-term planning of training and advanced training of specialists, technical school and university cadre and, in particular, management personnel.

In principle, the combine, along the lines of these major aspects, works out the methods, installation and production development including standardization and the development of efficient equipment construction technologies, and it assigns them to the development collectives. The combine also sets up programs for the development of the basic assets, the development and further improvement of consumer goods production, and the rationalization of technical preparation and the entire ADP installation. In each case, the improvement of working and living conditions becomes, from the outset, included in the plans and the various conceptions.

In setting down and implementing these programs, we let ourselves be guided by fully enforcing in all phases through the development collectives the unity of equipment, instrument and technological and organizational development so as to better preserve the primacy of installation construction vis-a-vis instrument construction. For we are of the opinion that only equipment with parameters that determine world standards are of any consequence on the market. Thus it is all the more urgent that the chemical combines together with the chemical equipment construction combine pay the greatest attention to preparing and implementing pilot plants. To accelerate procedural and installation development and assure our own know-how it is necessary to prepare these tasks in the science and technology plans most conscientiously and on long range and then to implement them purposefully. Our own task is to develop the centerpiece of these pilot plants and to design them and to build them in order rapidly to carry through the model construction of special designs. Our own know-how is what is wanted. That means, for strategic lines CLG has to run its own procedures and installations. That is necessary both for easier domestic sales and for more favorable sales opportunities on the world market. It requires systematically and significantly strengthening the material-technical base of the chemical equipment construction combine by the mobilization and suitable investment of all the resources at our command; strengthening our own construction of means of rationalization to accelerate the production growth in instrument construction; more rapidly developing our own procedures and installations and testing them in the combine's own testing center in order to insure installations with less risk in large-size technology; enforcing the rationalization of technical preparation (in instrument and equipment construction) through a concentrated use of ADP for all phases of the reproduction process; including ancillary industries for instrument and equipment construction in this whole process to prevent weak points in the scientific-technical lead; and carrying out, in parallel with the solution of technical-economic tasks, a long-range cadre development. This pertains particularly to a consistently organized, long-range training and advanced training, particularly for specialists, designers, technicians, planners and managers in the chemical equipment production combine. A model for it are the results achieved through the cooperation with the Koethen Engineering College.

We must of course reach the point--and this is what our tenacious struggle is all about--that installations and equipment at the time that they become operational will meet optimum world standards. And that makes it so important for world standard comparisons to be worked out each year for products, technologies and organizational means. Ultimately, what provides the crucial yardstick for our work is that installations and chemical products stand up well on the world market. In making that yardstick of the work of the R&D collectives the focal point and in creating the ideological as well as the economic and organizational conditions for having the collectives orient toward optimum achievements and not tolerating any mediocrity in their work--in this the collectives are supported systematically and in divers ways by the general director, the party organizations and the enterprise section in the Chamber of Technology. The model set by the managers, the example of the communists, in stimulating the creative elan and dedication of the collectives cannot be overrated. They are establishing criteria in their struggling for loyalty to the plan, for tapping reserves and, above all, for great achievements in the scientific-technical field, they to a large extent shape the norms of collective activities that have a great effect on all members of the collective, especially the younger ones. And especially this challenge to and promotion of the young cadre is what we regard to be one of the task of our long-term cadre development. Coping with that largely determines how we will meet the requirements of the future.

That is why we always give new thought to how we can insure the best developmental possibilities for the young cadre and promote their energy and dedication by creating a favorable working climate in the collectives, through regular controls for their work and through targeted inducement. Material and moral stimulation, in our experience, has no mean influence on the achievements of creatively active collectives. Prerequisite to the proper effect of the stimuli, of course, is a solid evaluation of performance. The performance inducements worked out for introducing the new tariffs for university and technical school cadre are a sound foundation for our work. It is our view, however, that the bonuses to be granted have to be limited in time and should actually have to be earned anew in daily work. And that is why we handle the regulations in such a way that, based on monthly checks, another decision has always again to be made on whether or not bonuses are to be granted. That, of course, assigns a great responsibility to the manager of the collective who can do justice to it only if his decision is made in the economic interest and informed with solid technical knowledge. Another important inducement for our R&D collectives are the competitions for the best innovator achievement, for the best inventions or the science awards of the general director, which are given out annually during the Chemical Worker's Day on the recommendation by the board of the enterprise section of the Chamber of Technology.

Our greatest attention must go to the especially gifted young cadre from whom much is to be expected in the future. Experience has taught us how important it is, together with developing collectives and their managers, to train outstanding specialists who enjoy respect and authority on an

international plane. Such recognized science personalities greatly affect a good turnover of our labor products and their marketability. We attach to these questions in long-term cadre development so very much importance because we know the effort we invest in it will make itself paid in the future and in the development of top R&D achievements and their application.

The everyday struggle for top achievements, which we are rigorously pursuing and purposefully directing in our political-ideological work, requires a clear head and solid knowledge. State management and the party organizations therefore tenaciously aim their efforts at enforcing socialist modes of thought and conduct and insuring a stronger personal dedication by each individual and all collectives, so that scientific work never becomes mere routine. And here we always proceed from the conviction that it is best for the development of science and technology that the demands made on the R&D collectives and their promotion--along the lines of the performance principle--constitute a unity and the manifold factors that have an influence on it are most carefully checked and taken into consideration.

We attach great importance to the preparation of the annual plan tasks. An important basis for that lies in thorough plan discussions or plan preparations starting in January of the previous year, carried out in conformity with a joint conference between the party organizations and the general director within the framework of a Chamber of Technology event. We also pay much attention to the proper composition of the R&D collectives which are assigned a specific plan task and to the correct selection of their managers, who fulfill an important integrating function. We furthermore think it is important to take into account certain particularities in R&D work in the planning and evaluation of the collectives' work. The point is, for example, to raise the R&D collectives' readiness to take risks. Solutions connected with the requisite preplanning of 5 to 8 years, in order to insure optimum world standards for that period, are bound to carry a risk, after all. Our experiences tell us collectives will take a greater risk if they are backed up by the general director and the party organizations or, in other words, if great trust is placed in their responsible work in the public interest and their work results are regularly subjected to accurate checks, while it is taken into account when funds are allocated that R&D must expect more imponderables than many production processes, for example. This of course has nothing in common with any frivolous handling of funds but requires a great sense of responsibility and expert and unbureaucratic decisions.

The great attention we give to scientific-technical work in the combine, the great social and industrial appreciation for it, expressed also in the material and moral recognition for the R&D collectives in the combine, is of decisive importance to shaping the pleasure with which those in R&D work in their field and come to regard it, increasingly, as an honor to come up with fine achievements for the combine at the jobs they hold.

The dedication to achieving and helping to bring about top performance presupposes great political and technical knowledge and calls for an absolute

determination to strengthen our state. If that intention is lacking and the associates are unwilling to do their best, the collectives in our combine will not let that pass. They talk it over with those working people and patiently show them ways for improving their work. At times, however, they also find themselves induced to deliberate on measures such as canceling the bonuses or getting different jobs for colleagues whose abilities are not good enough for a certain collective, having them assigned to jobs that are in line with their abilities and skill. Taking proper measures of this kind is also included in what we mean by strengthening our collectives' performance.

It is a principle behind our work that the responsibility of our development collectives extends up to insuring stable permanent operation in production. This responsibility also includes involving the future operators in the process of development and application, for this also provides an important prerequisite for making better use of practical experiences, saving time and money, and assuring high qualities. Such mixed collectives for developing new commodities and technologies have proven themselves well among us in recent years. They largely prevent parochial attitudes and confirm that it is of advantage to confine the enforcement of science and technology not just to a small circle of specialists.

In order to assure the comprehensive research, development and rationalization tasks for the current plan year and for years to come and to be able thereby to contribute to the performance development of chemical equipment construction, we need a long-term technical policy the results of which must be efficiently implemented. That includes assigning the right targets to the development collectives involved at the proper time and helping them in the implementation of their target assignments in accordance with their duty schedules. What this demands of all responsible management cadre is great political knowledge, firmness in principle in the implementation of party decisions, great economic and technological knowledge, personal energy, technological understanding and empathy.

Our experiences also teach us that thinking in economic dimensions and economic management with a view to the whole have not always and everywhere as yet become standard procedure. Tenacious political-ideological work is needed, and so is well organized management activity, to enable and induce all working people, especially the managers, to act with political responsibility on behalf of all society and to solve all our concrete task from the vantage point of the economic responsibility our combine has. That includes deepening all working people's understanding that good experiences and insights have to become generally absorbed and doing everything in generalizing the results of the best workers and seeing to it that they are enforced throughout the entire combine. This we deem to be a priority task for management in the application of science and technology.

The target assignments of the chemical equipment production workers in our combine, in rendering more specific and further raising the targets of the competition program in honor of the 30th anniversary of the GDR, demonstrate our collective's grown potentials. They document its intention to dedicate

its whole strength to the continued stable growth of instrument and equipment production in years to come. An element of the performance growth of our entire economy, it serves to strengthen our republic and is of benefit to all citizens in our country.

FOOTNOTE

1. "Direktive des IX. Parteitages der SED zum Fuenfjahrplan fuer die Entwicklung der Volkswirtschaft der DDR in den Jahren 1976-1980" (Ninth SED Congress Directive on the Five-Year Plan for the Development of the GDR Economy, 1976-1980), Dietz publishing house, Berlin, 1976, p 50.

5885

CSO: 2300

IN-HOUSE PRODUCTION SEEN AS AID TO COMBINE EFFICIENCY

East Berlin WIRTSCHAFTSWISSENSCHAFT in German Vol 27 No 8, Aug 79 pp 932-939

[Article by Dr Manfred Wenzel, economist, instructor at the Karl Marx Party College, SED Central Committee: "In-House Production of Rationalization Means -- Contribution Toward Increased Intensification of Industrial Production"]

[Text] In line with intensification as a basic strategy of economic development in the developed socialist society, greater attention is simultaneously being focused on in-house production of rationalization means. The Ninth SED Party Congress directed that "the expansion of in-house production of the means for rationalization and automation be stepped up in all branches of the economy."¹

Production of rationalization means by the user is one of the strategic policies designed to rapidly expand the material-technical base, increase labor productivity and raise the effectiveness of the reproduction process in the combine and in the economy as a whole. It is a decisive means by which to put scientific-technical progress to work in the material-technical base. It can thus be properly described as a pacesetter for socialist intensification.

Production of rationalization means by the user has proven successful many times in enterprises in socialist countries. For instance, large Soviet automobile plants such as the Volga Automobile Works and the Likhachov Works are manufacturing machine tools that are important to their technological processes. Capitalist firms are also doing the same. Moreover, in his analysis of the capitalist production and utilization process, Karl Marx already characterized as a matter of economic expedience the question of whether instruments of production are to be produced in a specialized branch or by the user.²

In a socialist society the issue of the necessity and expedience of in-house manufacture of rationalization means is heightened by existing and historically developing realities and processes:

First: The social division of labor in the process of labor socialization has presently progressed to the stage where it often happens in the GDR economy that there is only one producer of a specific product, or very few. This similarly limits the number of users of specialized equipment. In this case there can be a clear answer to the question of the economic expediency of the link between producer and consumer (user). Here it becomes an absolute necessity for the user to produce on his own most of the specialized machinery and installations that he needs (on the basis of a general social division of labor);

Second: A strengthening of the material-technical base establishes the prerequisites for increased material production.³ The material-technical base must be rationalized and advanced with the aid of scientific-technical progress. In accordance with the specific situation regarding its capital investment, its scientific-technical level, its age and its status as a link in a chain or as an isolated unit, and in accordance with its specific enterprise technology, a combine or enterprise requires for the remodeling and modernization of its means of production, and for raising the degree of mechanization and automation of its equipment, machinery, instruments and installations that frequently are extremely difficult to come by in the form of finished end products (capital goods).

Technologies and procedures constitute the points of departure and the bases for development of rationalization means. This is an important political-economic as well as ideological aspect of the approach to rationalization and the production of rationalization means. The concentrated advancement of existing technologies and procedures by the combine depends in decisive measure upon the swift availability of specific rationalization means that are needed. Practical experience shows that a growing preparedness for performance by the material-technical base is easier to ensure if the enterprise has an effective system for manufacturing its own rationalization means. Production of these means by the user is proving to be an indispensable element in the science-technology-production cycle. It assures the use and improvement of modern technologies which have shown themselves to be a "principal factor for the economy of production."⁴

Present Status of Production of Rationalization Means

The in-house production of rationalization means has seen rapid development in the combines of GDR industry since the Ninth SED Party Congress: As recently as 1976, almost half of industry's combines and large-scale enterprises had no production facilities for the manufacture of rationalization means; in 1978, the combines and enterprises under the industrial ministries produced special rationalization means valued at close to 1.4 billion marks; an increase to 124 percent is planned for 1979. The production of rationalization means has simultaneously brought important economic results: For instance, the employment of rationalization means leads to substantial savings in work time and materials and thus to perceptible cost reductions. It frequently happens that rationalization means improve the quality of

products -- at the Karl Marx Armature Combine in Magdeburg, for example, the use of rationalization means manufactured by the combine itself made it possible for the assortment of NW 80-150 and MD 16-40 GS-valves to be accorded the class "I" quality label ahead of schedule.

Improved export capabilities can also be counted among the economic results. At the same time, however, a detailed analysis of these processes makes it obvious that marked differences exist between the combines and enterprises in the proportions of rationalization means which they produce in relation to industrial goods production, in the savings achieved in work time and in the reduction of prime costs. Consequently, there is still much room for improvement in generalizing the experiences of the progressive combines and enterprises.

The production of rationalization means peculiar to a particular branch or plant must be the focus in the manufacture of these means. Included here are special machines, single-purpose machines, special tools, linkage facilities, feeder and delivery systems and special transport and storage facilities. Also included is the in-house production of equipment parts for equipment obtained from the nonsocialist economic area, if, as often happens, only the most important installation components are imported. The remaining equipment components are manufactured as part of in-house rationalization means production.

The in-house manufacture of spare parts poses special problems. In many enterprises it already occupies a substantial position in the capacity balance of rationalization means production. This circumstance ought to be assessed from different points of view. The manufacture of spare parts for imported machines and machines from the GDR for which production has been stopped is without a doubt economically justified and is to be planned and recorded as in-house production of rationalization means. But to an increasing extent, the departments for rationalization means are also producing spare parts for GDR machines that are still being carried in the manufacturer's production program (commercial spare parts). This ties up material, machine capacity and manpower. A new problem consists in assuring full production of spare parts for the machines, installations and equipment manufactured under in-house programs for the production of rationalization means and in obtaining full recognition for these efforts as a material contribution to rationalization. For example, Magdeburg's Karl Marx Armature Works VEB has planned for 1979 the production of 500,000 marks worth of spare parts for rationalization means manufactured by the plant itself.

And finally, the task of rationalization means production is the establishment of specific enterprise measuring and testing facilities without which there can be no increase in the mechanization or automation of the technological process and which are instrumental in guaranteeing quality.

The 1976-1980 Five-Year Plan calls for a substantial increase in the in-house manufacture of rationalization means for in-house use, with full development

of enterprise, branch and territorial reserves and with emphasis chiefly on machines and installations peculiar to a specific procedure or product, on the rationalization of transport, transshipment and storage processes and on special measuring and testing technology. The in-house production of rationalization means is thus being directed to a greater extent toward its original goal: toward the acceleration of scientific-technical progress and its increased economic and social effectiveness through modernization and revitalization of the technical base in the enterprises and combines. The production of tailor-made rationalization means such as these for all phases and sectors of the reproduction process (research and development, production preparation, manufacturing, transport, transshipment and storage, administration, electronic data processing and the rationalization of rationalization means themselves) guarantees the ability to react swiftly and accurately to observable technical and technological innovations and to implement important innovator proposals within a short time. In this way the force of rationalization is concentrated on the advancement of technology, with the aim of economizing on jobs, manpower and energy while increasing economy in the use of materials.

The progress made in in-house production of rationalization means in the combines and enterprises of GDR industry have been and are possible because the political-ideological work of the party organizations has developed in the general directors, enterprise directors, all management collectives and, last but not least, all working people a clear attitude regarding the in-house manufacture of rationalization means and their directed use for improvement of the reproduction process. An important management principle here is a uniform position on the production of rationalization means on the part of party management and state management.

The progress that has been made, particularly since the Ninth SED Party Congress, was achieved as the result of the resolute use and forced expansion of various capacities existing in the enterprises for the production of machinery, machine-tools and apparatus as well as of the stronger orientation of enterprise research and development capacities toward the in-house manufacture of rationalization means, the concentrated repeated use of innovator proposals and other things.

And finally, major achievements in the production of rationalization means have been possible because in past years the enterprise party organizations were behind efforts to develop a cadre of specialists -- skilled workers, designers, technicians -- capable of approaching from many different angles the solution of complicated problems pertaining to socialist rationalization.

On Further Developments in the Production of Rationalization Means

Development to date in the in-house manufacture of rationalization means in GDR combines and enterprises has produced ideas which, if applied generally, can further accelerate the production of rationalization means in the enterprises.

There must be continued expansion of in-house departments for the manufacture of rationalization means. Today, all combines are producing their own, but the situation varies. In branches like basic industry, basic chemistry and the metal-processing industry, as a rule the existing maintenance capacities and production potential for tools and operating equipment, prototype construction, manufacturing technology and so forth are also being used for the production of rationalization means. In-house manufacture is concentrated in many cases in independent departments or enterprises for the production of rationalization means; in some instances it is also organized on the basis of cooperation among the aforementioned capacities. But light industry, enterprises of the glass and ceramics industry and the food industry are essentially lacking these capacities, thus presenting real problems with the in-house production of rationalization means. The establishment of new capacities is indispensable here. For example, proven successes in this area are the centralization of splinter-workshops in these enterprises, the supplying of special machine-construction capacities from other subordinate sectors, forms of cooperation from a territorial and inter-enterprise standpoint by enterprises belonging to various sectors in the field of rationalization means, and the formation of appropriate cooperation associations for rationalization means.

Ultimately, the gradual development of special capacities for the manufacture of rationalization means in all combines will be beneficial, because other solutions have negative aspects even considering all their advantages. Some of these negative aspects are the neglect of auxiliary and secondary processes and the predominance of short-range aspects of maintenance compared to the long-range aspects of rationalization of the overall technology.

A crucial prerequisite for continuing to increase the capacity of rationalization means production is observance of the planned input of manpower and the guarantee of investments. While the planned investment projects have been fulfilled in material terms -- although they differ from enterprise to enterprise -- manpower input has remained sharply below plan figures. One-quarter to one-third of the manpower shortage in centrally managed industry involves the production of rationalization means. This points up the responsibility of the combines to recruit more workers for the manufacture of rationalization means by releasing manpower within the individual combine or enterprise. Indirectly reflected in this release is the effectiveness of rationalization itself.

Although frequently not automatically or immediately possible, centralization of the production of rationalization means in the combine is proving to have a special effect, as shown by the experiences of even combines as large as Magdeburg's Ernst Thaelmann Heavy Machine Construction Combine. Centralization of this sort increases efficiency in design and manufacturing, the effectiveness of the work grows by reason of the more comprehensive utilization of existing special machines and equipment and, finally, more complex rationalization tasks can be accomplished (at the present time there still is a predominance of numerous single measures and individual tasks).

The objective of political-ideological work by the party organizations must be to refuse to relinquish positions once they have been attained in the area of the production of rationalization means. A risk such as this always exists when the attrition ratios increase for machines and machine tools and other technological equipment -- and maintenance outlays along with them. Since the production and maintenance of rationalization means in the enterprises are often closely linked with one another -- this is already evident from the standpoint of management organization in the existence of a department or sectional directorate for "Rationalization and Maintenance" -- at least at times a solution is often sought in undertaking to reorder capacities in favor of maintenance.

The formation and further development of the combines has provided the opportunity to focus the production of rationalization means more sharply on the solution of problems involved with auxiliary production processes such as transport, storage and transshipment. Some combines have found that a great deal is yet to be done to raise labor productivity and effectiveness.

The situation is similar in the area of assembly work, which to a great extent is still being performed manually. The percentage of work done for assembly processes by rationalization means production in 1978 was still below that for auxiliary production processes.

The concentrated in-house manufacture of rationalization means for labor-intensive auxiliary processes within the framework of the overall technological process often leads not only to savings in work time with low expenditures but also, by way of new technological options, to the direct release of manpower through the elimination of jobs. This simultaneously provides an important source of manpower for the production of rationalization means themselves. Last but not least, it improves working and living conditions for many working people, reduces heavy manual labor as well as that which is hazardous to health and alters work content.

A close relationship exists between the effectiveness of rationalization means production and its management, planning and organization. There are no time limits on rationalization, including production of the means thereto. Rather, the experiences of progressive combines make it obvious that comprehensive planning and preparation of rationalization means are urgent requirements. At the Eighth SED Central Committee Plenum, Willi Stoph said that "in-house manufacture of rationalization means is especially effective when it is not limited merely to operational support for plan implementation during a particular year, but when its tasks derive from long-range intensification conceptions."⁵

The production of rationalization means therefore requires long-range planning. The reference point here is the conception for development of procedures as part of the intensification concept. Special consideration should

be given in this regard to how to ensure the necessary cooperation efforts on the part of other enterprises. For regardless of the versatility of those employed in the production of rationalization means, it is technically impossible and economically not very effective for a combine or enterprise to manufacture all the necessary equipment parts and special components on its own. This applies above all to engines, gears, BMSR [industrial measuring, control and regulating technology] and hydraulic subassemblies, micro-electronics components and machine-tool construction component parts, such as gear units, feeder units and switching and control assemblies. Consequently, demands on cooperation grow along with the expanded production of rationalization means. The same is true for special cooperation services like machining work on oversize machine tools and special heat-treatment of materials, but also the use of special workmen from outside the trade (work with facilities for acids, insulation work). The Mansfeld Wilhela Pieck Combine has used the following method of cooperation for such services with increasing success for some years: conclusion of long-term contracts covering the exchange of capacities in order to make more effective use of released special workmen from the individual partners through reciprocal, meaningful collaboration.

The production of rationalization means is always firmly integrated in the management process whenever its long-range responsibilities are fixed within the intensification concept and specified in the Science and Technology Plan. Full inclusion of the production of rationalization means in this plan indicates that objectives for the production of these rationalization means have to be derived as early as the research and development stage with individual products and technologies. This also makes it possible to present in advance for particular rationalization measures clear objectives for the benefit to be obtained.

The industrial ministries must assume specific tasks and responsibilities in the process of improving management and planning in the production of rationalization means:

If it is assumed that the production of rationalization means is not an expression of a lack of supply capability on the part of large combines and enterprises in machine construction, electrical engineering and electronics and the other producers of the means of production, but rather that it is more of a supplement to traditional production of these means, it must also be assumed that cooperation with the producers of the means of production is necessary. Their most important contribution must be that of providing from series production standardized construction components, specific assemblies and the like for the production of rationalization means in all sectors of industry, but at the present time chiefly for this type of production in light industry, the textiles industry and the food industry. There is a real national economic reserve in this area.

Widespread use of standardized commercial parts and assemblies can substantially increase the capacity of all user combines to produce rationalization

means and can perceptibly shorten development and transfer times for these means. (Thus, close to 40 percent of rationalization means might consist of commercial components, but the percentage of subcontractor items is substantially below this figure at present.) The 10th SED Central Committee Plenum stressed anew the responsibility of the GDR metal-processing industry in this regard. The accelerated development of central manufacturing operations and/or those for a specific procedure is to step up the highly productive manufacture of standard components and assemblies with the aid of such productive procedures as extrusion, partial sintering, powder metallurgy and friction welding; it is also to establish necessary conditions that are important in improving the supply of essential subcontractor components and in stepping up the pace of rationalization.⁶ This task is to be accomplished in a similar form in Soviet industry.⁷ Improvements in the supply of subcontractor assemblies can also be achieved through sensible restrictions on the variety required. The ministry can help solve the problem by stipulating series for selection according to size and function for frequently recurring series of subcontractor items in electrical engineering and electronics, hydraulics, pneumatics, welding technology and machine-tool construction; these series would be compulsory for the design of rationalization means. A measure such as this increases the number of items while reducing the variety and contributes to the possible shortening of delivery times for subcontractor assemblies. Merely for the sake of thoroughness, we add that this also simplifies subsequent maintenance.

A ministry can also help support the combines and enterprises in the matter of providing materials for the production of rationalization means. Despite long-range planning and classification, their rapid manufacture calls for fairly short-term deadlines for the procurement of materials. In addition to territorial cooperation by enterprises in this field, the organization of centralized storage (central warehouses) of such materials and assemblies (priority positions) is a real help to the combines in their production of rationalization means.

The idea that the exchange of information is the cheapest investment also applies to the production of rationalization means. Comprehensive use of the most advanced findings and experiences must be organized by the ministry. Successful examples of this are such things as the centralized exchange of topical information, the establishment of a central panel for rationalization means at the ministerial level and the establishment of enterprise consultation centers with specialized experience in various areas. For example, within the scope of the Ministry for General Engineering, Agricultural Machinery and Vehicle-Building, the Stadtila Drive-Shaft Works VEB is the consultation point for friction welding; Werdau's Ernst Grube Works VEB for pipe-upsetting; and Dresden's Stanzila VEB for the deep drawing of axially symmetrical aluminum parts. Several industrial ministries have established a central information and consultation service for producers of rationalization means. The expansion of catalogs of rationalization means for cross-section problems (for example, rationalization options peculiar to machine tools, issued by the Machine-Tool Construction Research Institute),

but also for transport, transshipment and storage processes, welding (and similar processes) and options for specific industrial branches makes possible the conscious re-use of rationalization options and prevents unnecessary expenditures for development (duplication of effort).

A major source for increasing performance and effectiveness in the production of rationalization means is the intensification and rationalization of this type of production itself. The manufacture of rationalization means in the advanced enterprises is evolving more and more into a modern production process with modern, efficient machinery and installations, with a qualified design department, thorough technological and production preparation and an effective system of management, planning and organization. To be sure, at the present time the work of some departments involved in the production of rationalization means is being hindered by the fact that the necessary number of designers, technicians and other personnel skilled in production preparation have not yet been directly assigned to these departments. But within the rationalization means production process the science-technology-production cycle has to be more or less self-contained if it is to operate effectively and systematically raise the level of the enterprise reproduction process. In view of the manufacturing program in the production of rationalization means, this requirement must be stressed. In line with the multiplicity of its tasks, this manufacturing program is predominantly single-part production which requires greater expenditures for design and technological preparation.

Work in the area of producing rationalization means also makes substantial demands on production workers in particular. It requires extensive professional experience, a high level of technical skill and the capacity to think independently and work with others to find solutions to problems. The work is complicated technical work, is varied and constantly presents new challenges, since the degree of repetition is minimal by virtue of the type of manufacturing. It is thus worthwhile to accentuate the method used by the Scharfenstein DKK VEB. This enterprise was successful years ago in recruiting for its production of rationalization means especially able skilled workers, designers and technicians with long years of experience, as well as outstanding innovators and efficiency experts. Although rationalization work is attractive in terms of skills, a number of enterprises nevertheless frequently have difficulty recruiting sufficient production workers for the rationalization program within necessary time limits and in the desired manner. Solutions to this problem lie in the further development of performance-oriented wage scales in the combines as well as the specific training of apprentices for the production of rationalization means. The apprentices are taught special skills right from the outset. Particularly experienced in this area is the Harz Pressure-Casting and Piston Works VEB in Harzgerode. This enterprise manufactures some of its rationalization means under the apprentice training program.

Under the auspices of the socialist competition in honor of the 20th [sic] anniversary of the GDR, workers, designers and technicians involved in

producing rationalization means are developing additional initiatives. Many collectives are struggling to help their combines and enterprises achieve extra daily output by speeding up in-house construction of efficient technology. Some of these are the Zwickau Machinery Factory, the Ichtershausen Needle Works, the Wismar Mathias Thesen Shipyard and the glass and ceramics industry. Important here is fuller utilization of machinery and installations used in the production of rationalization means; it should approach the level of utilization in principal lines of production. Operation in two shifts must be instituted for the mechanical production of rationalization means.

The expanded use of machinery capacity must be linked with an intensification of the division of labor process. This means that rationalization means must be standardized in their design and thus with respect to their components. As the result of technological requirements, the degree of repeat production of components and assemblies must continue to be increased in order to take advantage in this way of the benefits of series production in the process of rationalization means production itself.

Legal regulations pertaining to accounting procedures for in-house production of rationalization means are determining factors for the economic stimulation thereof. The Decree on Pricing To Promote the Production of Rationalization Means stipulated that a division of profits be arranged by contract in the case of in-house manufacture; it also prescribed ways in which above-average profits from spare parts can be used.⁸

Socialist economic integration is taking on increasing significance in the development of production of rationalization means. The possibilities are many and varied. They range from exchanges of information to the joint use of scientific-technical findings to the direct exchange of capacities. The Mansfeld Combine has had many years of experience in this area. It has fostered cooperation ranging all the way to joint development and realization of rationalization projects with Soviet enterprises, with ZAMET in the People's Republic of Poland and with Czepeľ in the Hungarian People's Republic.

In answer to the question of future prospects for the production of rationalization means, it must be stressed that the function of in-house production of these means will experience further development according to the extent to which the necessary capacities are provided, capacities which also keep pace with international comparisons. The rationalization means program will in the future be developing and employing more and more new technological procedures and will be organizing for entire departments and enterprises the production of equipment to be used in specific branches and enterprises. During the remodeling process in combines and enterprises, the rationalization means program will be charged with increasing the mechanization and automation of entire enterprises and their departments, from principal processes to auxiliary and secondary processes, with eliminating

jobs and releasing manpower and with bringing about a tangible increase in the effectiveness and quality of the work as a whole.

FOOTNOTES

1. "Report of the SED Central Committee to the Ninth SED Party Congress" by E. Honecker, Dietz Publishing House, Berlin, 1976, p 58.
2. Cf K. Marx and F. Engels, "Collected Works," Dietz Publishing House, Berlin, 1956-1968, Vol 26.3, p 213 f.
3. Cf "10th SED Central Committee Plenum," "Toward the 30th Anniversary of the GDR." From the closing remarks by SED Central Committee General Secretary Erich Honecker, Dietz Publishing House, Berlin 1979, p 191.
4. G. Mittag, "SED Economic Policy Issues Involved in Implementing Resolutions of the Ninth Party Congress -- Conclusions and Theories," SED Central Committee Karl Marx Party College, Lectures and Documents, Berlin, 1978, p 44.
5. Eighth SED Central Committee Plenum, W. Stoph, "Good Plan Results Through the Initiative of the Working People," Discussion Contributions, Dietz Publishing House, Berlin, 1978, p 84.
6. Cf "10th SED Central Committee Plenum," "From the Politburo Report to the 10th SED Central Committee Plenum" by W. Jarowsky, loc cit, p 20.
7. Cf S. Khayman, "The Socialization and Organization of Production," SOVIETWISSENSCHAFT -- GESELLSCHAFTSWISSENSCHAFTLICHE BEITRAEGE, Vol 1, 1979, p 22 ff.
8. Cf "Decree No 285 on Pricing To Promote the Production of Rationalization Means, 20 July 1978," GESETZBLATT DER DDR, Part II, No 23, 1978.

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GROWTH, PROBLEM AREAS OF INVESTMENT SECTOR DISCUSSED

Bucharest ERA SOCIALISTA in Romanian No 12, 20 Jun 79 pp 4-6

[Article by Dr Alexandru Olteanu, director at the Bank for Investments:
"The Investment Policy, Pivotal Point of the Socio-Economic Development"]

[Text] The role played by investments in an economy is well known. As a support of the multilateral, balanced, and sustained development of our economy, investments determine the continued growth of means of production, the diversification and improvement of production, improvements in product quality, wide scale promotion of technologic progress, intensive utilization of natural resources, the creation of greater resources for exportation or for reduced importations, the expansion and balanced growth of counties which have lagged in their development, the assurance of objectively necessary proportions among various branches and sectors of activity, and continued modernization of the structure of the economy. Investments also play a great role in improving working and living conditions, education, and health protection, in raising the cultural and scientific level of the population, in developing tourism, and so on.

Summarizing the decisive significance of a steadfast investment policy, Nicolae Ceausescu has said: "The consistent achievement of a vast investment program, and the maintenance of a high rate of capital growth, are vital and foremost imperatives. They are the deciding conditions upon which hinges the possibility of keeping pace with the competition that is being carried out throughout the world in the area of economic and social development, of raising the level of civilization of society, of satisfying under increasingly better conditions the material and cultural needs of the masses, and of building socialism and communism."

The vast investment program which we are carrying out reflects the steadfast orientation toward the multilateral development of socialist Romania, through an expansion of the technico-material base and the organization of of a dynamic, complex, and competitive industry, of an intensive and diversified agriculture, and of powerful technical land improvement and socio-cultural endowments of localities. From an investment volume of

only 6.3 billion lei for the entire national economy in 1970, we reached nearly 138 billion lei in 1975. The investments of the current five-year plan -- over 1000 billion lei -- are approximately equivalent to the total investments of the previous three five-year plans.

As has been demonstrated throughout the world, a modern, vigorous economy is characterized primarily by a powerful growth of production forces and by a complex structure of production, in which industry occupies a preponderant position. Shifts in the structure of national economies in keeping with the requirements of the technico-scientific revolution, have today become a widespread phenomenon. The fact is that modern economies acquire increasingly dynamic natures, and that some branches lose their importance, others assume increasingly greater roles in economic growth, and some, totally new ones, tend to rapidly reach a major position in the creation of the social product.

To be sure, the path toward a modern structure for a national economy is neither short nor easy, and presupposes the involvement of enormous human, material, and financial resources. Examining the evolution of socialist Romania's economy from this standpoint, we note that it is characterized by a rapid rate of development, one of the most dynamic in the world. Some indicators can summarize the road covered by our country in the 35 years since the liberation from fascist domination: industrial production has increased more than 42-fold, and within it, the production of power about 110-fold, the machine building industry 160-fold, and the chemical industry -- the most dynamic one -- nearly 280-fold. Also notable are the 35-fold growth of light industry production and the 9-fold growth of the food industry. Our agriculture has also undergone a powerful development, with agricultural production increasing some 3.5-fold during this period.

As a whole, the social product and the national income of 1977 were 12 times higher than those of 1950, while investments and total industrial production increased 26 times.

The party policy of assigning priority to the development of the material production sphere, namely of those economic sectors which directly create the national income, represents a strong factor for progress in the creation of a modern economy in our country.

Indeed, it has been fully confirmed that success in developing production forces, in expanding, diversifying, and raising the technologic level of production, and in exploiting modern technico-scientific advances, can be achieved only by completing significant productive investments. The table which follows shows the progress of investments in material production and in the non-productive sphere during the last four five-year plans.

	Material production	Non-productive sphere
1961-1965	85.4 percent	14.6 percent
1966-1970	87.2	12.8
1971-1975	88.5	11.5
1976-1980 planned	90.0	10.0

It has become axiomatic that the vital nerve for the effective advancement of an economy and for the progress of a society as a whole, lies in the creation of a powerful industry, structured along modern lines and well endowed, responsive to the demands of the scientific and technical revolution, and organically integrated in the national economic complex. As part of the total investments in the socialist sector, the investment funds allocated to industry have increased from 52.6 percent in 1966-1970, to 53.7 percent in 1971-1975, and to 58 percent during the current five-year plan.

During the first three years of the current five-year plan, 248 billion lei have been invested in industry, and more than two-thirds of these have been directed primarily toward the decisive branches of fuels, electric power, the machine building industry, the extractive industry, steel making, and chemicals. But an analysis of the conduct of investment activities at some sites discloses -- as was also pointed out during the recent workshop of the CCPCR (Central Committee of the RCP) -- that serious shortcomings do exist in fulfilling the investment program. For instance, at the beginning of May of this year, the polyester granule and fiber unit of Cimpulung had investment delays in excess of 320 million lei, and the cement and lime factory of Medgidia II was behind by about 120 million lei. Because similar delays can be found at other industrial sites, it appears absolutely necessary that steps be taken to concentrate material and human efforts so that these delays be recovered wherever they exist. As Nicolae Ceausescu has pointed out, "all counties have the potential for recovering delays and for placing their capabilities in operation, as long as the ministries that are involved, the Ministry of Industrial Constructions, and county party committees act decisively and firmly in this direction."

The present evolution of science and technology, and of energy and raw material resources, implies -- as has been indicated by the party leadership -- that the planning and completion of production capabilities must urgently adopt modern technical approaches of high economic efficiency, which involve reduced material consumptions, and little energy in particular. It is highly important economically to orient investments toward the restructuring and modernization of present technologies which consume high amounts of power, the improvement of electric power production in thermal plants through the elimination of hydrocarbons and their replacement with solid fuels (coal), and the completion of the hydroelectric program.

It is well known that the current five-year plan has assigned priority to the completion of an extensive housing construction program of more than one million apartments, which will provide workers with superior housing conditions from the standpoint of space and comfort. More than 430,000 apartments have been made available up to now, which have enriched the urban landscape of our country's localities. Despite this, the recent conference of the CCRCP has stressed that very serious delays in housing construction exist in some counties, a problem whose solution, it has been indicated, must become the daily concern of party county committees and peoples' councils.

Strong socioeconomic reasons demand that manpower and material means be oriented with priority toward the completion of productive objectives and the construction of housing, with other cultural and sport investments being undertaken thereafter within the limit of available capabilities.

The materialization of investments is reflected in the creation of new fixed assets, both productive and sociocultural, which year after year complete the industrial and urban landscape of our country. In 1977, for instance, fixed assets were 645 percent higher than those of 1950; during the 1971-1977 period alone, the average annual growth rate of fixed assets was 9.7 percent. Referring to the achievements of the first three years of the current five-year plan, we note that the economy was endowed with 1585 significant production capabilities and other objectives. Nearly 200 large production capabilities were placed in operation before their planned schedules, the economy thus benefiting from additional effects. Such has been the case for the 600,000 t/year capability at the coke-chemical plant of the Galati Steel Combine, placed in operation three months ahead of schedule; for the 55,000 ton formaldehyde installation at the Victoria Chemical Combine, whose operations started seven months earlier than expected; of the installation for 85,000 tons of bituminous coal per year at the Lupeni Mining Exploitation, which was three months ahead of schedule; and of many others.

The achievement in the shortest possible time, of anticipated economic effects from each investment represents an essential requirement in these times of rapid technological advancement, since time -- this unit of measurement of duration -- is increasingly becoming a basic factor in all human activities as well as in the general progress. In fact, there are practically no nations or people who during their development did not devote full attention to this factor. Now, however, the problem of time and of its economy, becomes vital in the extensive struggle between man and time. This explains the special efforts made by our socialist society to reduce the time needed to recover the gap in economic development with respect to the more advanced countries.

It is known that the investment process objectively involves the temporary removal from the economic circuit, of material and financial means for the construction of economic and social objectives. Any delay or extension of the period planned for completing an investment results in the immobilization of funds, with the most negative effects for the economy. So it is that a large gap is sometimes created between completed investments and those effectively placed in operation, a gap reflected in the fact that investment funds expended for projects under execution are higher than their planned levels. In this respect it should be pointed out that in 1978 as compared to 1976, the average annual growth rate was much higher for investments under execution and unfinished (27.7 percent) than for investments completed from state funds (14.5 percent), and especially than for fixed assets placed in operation (4 percent). As a result, investment expenses of 100 lei in 1978 created fixed assets of 60 lei, compared to 1970, when the ratio was 100 to 86 lei.

This situation is a direct consequence of the fact that some production capabilities were not placed in operation on schedule. At the end of last year, the average delay in the start-up of some capabilities of the metallurgical and chemical industries, of agriculture, and of the forestry economy, were about seven months, as compared to six months in 1976. For instance, in expanding the Pitesti Refinery the 180,000 t/year oil plant was placed in operation after a delay of 24 months, at the Deva-Mintia Enterprise for Building Materials the cement installation for 1.3 million t/year was delayed by 26 months, and so on.

The duration of execution of some objectives was extended primarily by the simultaneous start at some enterprises and industrial centrals, of an excessively large number of small objectives (in terms of value and complexity) before finishing the work at opened sites. This has diluted the production capacities of construction organizations, of designers, and of suppliers of construction materials and equipment. During the last three years, for instance, nearly three-quarters of the objectives being simultaneously built during one year were of reduced value, of no more than 10 million lei.

Party documents have often drawn attention to the need for constructions in progress to be limited to an optimum level in order to shorten the duration of execution of new objectives. There seems to be full justification for the measure taken to urgently finish investment objectives in which a large portion of the work has already been executed. Analyses have demonstrated that a large number of investment objectives are at an advanced stage of execution, many of them even being under tests and technical trials. At the beginning of the month for instance, nearly 40 significant production capabilities in the chemical, steel, machine building, and forestry economy industries were undergoing or being prepared for technical trials, many of them for extended periods of time. The most urgent possible completion and placement in production of capabilities at an advanced stage of execution or undergoing trials, and which require a small effort of construction and

installation, is an immediate imperative whose fulfillment will enable the national economy to more rapidly benefit from the anticipated economic effects.

The practice adopted by some enterprises and centrals, to delay the placement in operation of investment objectives beyond the dates of execution established when the respective investments were approved, is proving to be totally unjustified. The consequence of this practice is obvious: losses of products and services stipulated in the plan, reduced efficiency for investment funds, and so on. At the Jibou Clothing Factory, the construction, installation, and assembly work is practically terminated, in keeping with the initial date for placement in operation established by the investment approval, namely 30 June 1979. In the meantime, however, it was found that because of a lack of coordination the thermal power plant of the zone, which was to provide the steam needed for operations, was not completed. The start-up date for this plant is April 1980. Conclusion: the entrance into production of the clothing plant was postponed by nearly one year, with a loss of production valued at over 190 million lei.

The growing complexity of the investment sector, determined by the large volume of investments as well as by the high technology and rapid improvements that are being made in construction techniques, impose a perfect organization of the work involved in each project, beginning with the design phase and ending with technical trials and the placement in operation of objectives. This presupposes that the execution of an objective is to be started only in strict correlation with the availability of technico-economic documentation, of appropriate construction capabilities, and of necessary technical equipment. Good organization eliminates a number of shortcomings which are still found at other work sites and which disturb the investment process.

Some worksites have recently claimed a lack of manpower as the principal cause for delays in the completion of projects. But their respective counties do have the available manpower, most of it at the actual work sites, where a number of men perform various clerical functions which do not create material values. The Harghita County Enterprise for Constructions and Installations, for instance, claims a shortage of more than 1000 workers, while only 93 percent of the working hours of the existing personnel are being actually used as a result of shortcomings in the organization of production and labor. The unused time at the work sites of this enterprise during the first quarter has amounted to 101,777 man-hours, of which 25,000 man-hours assignable to unmotivated absences, leaves without pay, and firings.

For very good reason, the party is asking all specialists, and in particular technicians and engineers, independently of their office functions, to devote a larger portion of their time to directly productive work. In addition to substantially increasing the technical potential for research,

design, and execution, with direct consequences on greater material production, this step also assures the maintenance and upgrading of each specialist's professional level. In the same way, the need is felt to improve the activities of the working personnel at the time they begin working on new objectives, so as to assure the completion of the investment process under optimum conditions.

The vast experience gained in the investment field during the building of socialism, and the high technologic and organizational capabilities of builders, designers, and suppliers of construction equipment and materials, involved with all their strength in fulfilling the investment program adopted by the 11th Congress of the RCP, are as many guarantees for the completion of this program, a primordial condition for an accelerated progress of the nation on the road to civilization and well-being.

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